



# CRS Report for Congress

## Iran's Activities and Influence in Iraq

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### Summary

Iran is actively assisting the major Shiite Muslim political factions in Iraq, most of which have longstanding ideological, political, and religious sectarian ties to Tehran. A more pressing U.S. concern is that Iran is purportedly arming these faction's militias, which are committing sectarian violence and attacking U.S. forces. The Administration is trying to reverse Iranian influence in Iraq while also engaging Iran diplomatically on Iraq. This report will be updated. See CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*.

### Background

Iran's influence in Iraq is a significant issue not only because of the U.S. need to stabilize Iraq but also because of tensions between the United States and Iran over Iran's nuclear and regional ambitions. With the conventional military and weapons of mass destruction (WMD) threat from Saddam Hussein removed, the thrust of Iran's strategy in Iraq has been to acquire "strategic depth" in Iraq by perpetuating domination of Iraq's government by pro-Iranian Shiite Islamist leaders. Doing so gives Iran leverage to forestall a potential confrontation with the United States and enhances Tehran's regional position generally. At the same time, Iran's aid to Iraqi Shiite militias has worsened the Sunni-Shiite violence that the U.S. "troop surge" in 2007 is attempting to reduce.

For the first two years after the fall of Saddam Hussein, Iran's leaders supported the decision by Iraqi Shiite Islamist factions in Iraq to work together in a U.S.-led election process, because the number of Shiites in Iraq (about 60% of the population) virtually ensured Shiite dominance of an elected government. To this extent, Iran's goals in Iraq did not conflict with U.S. policy, which was to set up a democratic process. A Shiite Islamist bloc ("United Iraqi Alliance"), encompassing the Islamic Supreme Council of Iraq (ISCI),<sup>1</sup> the most pro-Iranian of the groups, the Da'wa (Islamic Call) party, and the faction of the 32 year old Moqtada Al Sadr – won 128 of the 275 seats in the December

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<sup>1</sup> In May 2007, this group changed its name from the Supreme Council for the Islamic Revolution in Iraq (SCIRI).

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15, 2005, election for a full term parliament. Most ISCI leaders spent their years of exile in Iran. Prime Minister Nuri al-Maliki is from the Da'wa Party, although Maliki spent most of his exile in Syria, not Iran. The Sadr faction's ties to Iran are less extensive because his family remained in Iraq during Saddam's rule. Still, the Sadr clan has ideological ties to Iran; Moqtada's great uncle, Mohammad Baqr Al Sadr, was a contemporary and political ally of Iran's Ayatollah Ruhollah Khomeini and was hung by Saddam Hussein in 1980. Iran sees Sadr's faction — which has 30 seats in parliament and a large and dedicated following, particularly among lower-class Iraqi Shiites — as a growing force in Iraq. Iran reportedly was displeased when Sadr, locked in a power struggle with ISCI and the Da'wa Party, pulled out of the UIA bloc in September 2007.

As Shiite militia power has grown in order to battle Iraq's Sunnis, Iran has shifted from a purely political role to active financial and materiel assistance to all the Shiite militias, even though some of these militias are now fighting among themselves. ISCI's militia, the "Badr Brigades" (now renamed the "Badr Organization"), numbers about 20,000 but it has now burrowed into the still-fledgling Iraqi Security Forces (ISF), particularly the 26,000 person "National Police" and its parent administrating organ, the Ministry of Interior. The Badr Brigades were recruited, trained and armed by Iran's Revolutionary Guard, politically aligned with Iran's hardliners, during the Iran-Iraq war. During that war, Badr guerrillas conducted forays from Iran into southern Iraq to attack Baath Party officials, although the Badr attacks did not seriously shake the regime.

Badr fighters in and outside the ISF have purportedly been involved in sectarian killings, although to a lesser extent than Sadr's "Mahdi Army" (Jaysh al-Mahdi, or JAM), which was formed after Saddam's fall and might now number about 60,000 fighters. U.S. military operations put down JAM uprisings in April 2004 and August 2004 in "Sadr City" (Sadr stronghold in east Baghdad), Najaf, and other Shiite cities. In each case, fighting was ended with compromises under which JAM forces stopped fighting in exchange for amnesty for Sadr. Since August 2004, JAM fighters have patrolled Sadr City and they are increasingly challenging ISCI, Iraqi government forces, and U.S. and British forces for control of such Shiite cities as Diwaniyah, Nassiriyah, Basra, and Amarah — even as reports suggest the JAM is becoming increasingly less disciplined and less organized. The intra-Shiite conflict is accelerating with the 2007 British drawdown in the Basra area. Britain has about 5,200 troops at their main base at Basra airport but Britain has said it would transfer Basra Province to ISF control by the end of 2007 and reduce its force to about 2,500 by mid-2008.

Iranian leaders have not extensively engaged Grand Ayatollah Ali al-Sistani, the 77-year-old Iranian-born Shiite cleric who is the undisputed senior Shiite theologian in Iraq. Sistani differs with Iran's doctrine of direct clerical involvement in governance, and he has resisted political direction from Iran. Iranian leaders apparently view Sistani as becoming less politically relevant; Iran's Shiite community has become more radicalized, turning to harder line figures such as Sadr.

## Assertions of Iranian Support to Armed Groups

Iranian material support to militias in Iraq has added to U.S.-Iran tensions over Iran's nuclear program and regional ambitions, such as its aid to Lebanese Hezbollah. In providing weaponry, Iran might be seeking to develop a broad range of options in Iraq that includes pressuring U.S. and British forces to leave Iraq, or to bog down the United States militarily and thereby deter it from military or diplomatic action against Iran's nuclear program. In August 2007, Iranian President Mahmoud Ahmadinejad heightened U.S. concerns about Iran's long term intentions by saying that Iran would fill a "vacuum" that would be left by a U.S. withdrawal from Iraq.

No firm information exists on how many representatives of the Iranian government or its institutions might be in Iraq. However, one press report said there are 150 Iranian Revolutionary Guard Qods (Jerusalem) Forces (the Qods Force is the arm of the Guard that operates outside Iran's borders) and intelligence personnel in Iraq.<sup>2</sup> From December 2006 until October 2007, U.S. forces arrested a total of 20 Iranians in Iraq, many of whom are alleged to be Qods Forces officers. Of these, five were arrested in January 2007 in a liaison office in the Kurdish city of Irbil, reportedly against the urging of Iraq's Kurdish leaders. On November 7, 2007, senior U.S. officers in Baghdad said that the United States will release nine of the twenty, but continue to hold the eleven that are believed the highest ranking and of the most intelligence value. Of those to be released, two are from the group seized in Irbil in January.

In part because of Qods Force/Revolutionary Guard activity in Iraq, on October 25, 2007 the Bush Administration designated the Qods Force, under Executive Order 13224, as a provider of support to terrorist organizations. At the same time, the Administration designated the Revolutionary Guard and several affiliated entities and persons, under Executive Order 13382, as of proliferation concern. The designations had the effect of freezing any U.S. -based assets of the designees and preventing any transactions with them by U.S. persons. The designations stopped short of naming the organizations as Foreign Terrorist Organizations (FTOs), as was recommended by H.R. 1400, passed by the House on September 25, 2007, and a provision of the Senate passed FY2008 defense authorization bill (H.R. 1585). However, the effect on the Qods Force and on the Guard is likely to be limited because they do not likely have any U.S.-based assets and most trade between the United States and Iran is banned.

On several occasions, senior U.S. and allied military officials and policymakers have provided increasingly specific information on Iranian aid to Shiite militias.

- On September 28, 2006, Maj. Gen. Richard Zahner, deputy chief of staff for intelligence of the Multinational Force-Iraq (MNF-I), said that the labels on C-4 explosives found with Shiite militiamen prove that the explosives came from Iran. He added that only the Iranian military apparatus (which would include the Qods Force) controls access to such

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<sup>2</sup> Linzer, Dafna. "Troops Authorized To Kill Iranian Operatives in Iraq," *Washington Post*, January 26, 2007.

military-grade explosives.<sup>3</sup> On January 31, 2007, the commander of Multinational Corps-Iraq, Lt. Gen. Ray Odierno, said that the United States had traced to Iran serial numbers of weapons found in Iraq, including rocket-propelled grenades, bombs, and Katyusha rockets.

- On February 11, 2007, U.S. military briefers in Baghdad provided what they said was specific evidence that Iran had supplied armor-piercing “explosively forced projectiles” (EFPs) to Shiite militias. EFPs have been responsible for 170 U.S. combat deaths from 2003 until April 2007, although this is many times lower than the number of U.S. deaths at the hands of Sunni insurgents. However, suggesting that Shiite militias are increasingly seen as a major security challenge for U.S. troops, in August 2007, Gen. Odierno said that EFPs accounted for one-third of the 79 U.S. troop deaths in July 2007, and that the Shiite militias accounted for 73% of the attacks that killed or wounded U.S. soldiers that month. He added that Iran had supplied the Shiite militias with 122 millimeter mortars that are used to fire on the Green Zone in Baghdad.
- On July 2, 2007, Brig. Gen. Kevin Begner told journalists that the Qods Force is using Lebanese Hezbollah to train and channel weapons to Iraqi Shiite militia fighters, and that Iran is giving up to \$3 million per month to its protege forces in Iraq. Bergner based his information on the March 2007 capture — in connection with a January 2007 attack that killed five U.S. forces in Karbala — of former Sadr spokesman Qais Khazali and Lebanese Hezbollah operative Ali Musa Daqduq. In his September 10 and 11, 2007 testimony to Congress, overall U.S. commander in Iraq General David Petraeus said that Iran is seeking to turn the Iraqi Shiite militias into a “Hezbollah-like force to serve [Iran’s] interests and fight a proxy war against the Iraqi state and coalition forces....” On October 7, 2007, Gen. Petraeus told journalists that Iran’s Ambassador to Iraq, Hassan Kazemi-Qomi, is a member of the Qods Force.
- In September 2007, the U.S. military said that, to stop the flow of Iranian weaponry, it is building a base near the Iranian border in Wasit Province, east of Baghdad. The base and related high technology checkpoints will be manned, in part, by forces from the republic of Georgia.
- U.S. criticism eased somewhat in November 2007 when U.S. officials, although expressing a need for confirmation and verification, said that Iran had pledged to Maliki to stop arming Iraqi militias, and that U.S. forces were observing declining use by Iraqi Shiite militias of EFPs.

**Efforts to Negotiate With Iran.** The Iraq Study Group final report’s first recommendation was that the United States include Iran (and Syria) in multilateral efforts to stabilize Iraq. Even before that December 2006 report, U.S. officials had tried to engage Iran on the issue, but U.S. officials opposed Iran’s efforts to expand such discussions to bilateral U.S.-Iran issues and no talks were held. In early 2007, the

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<sup>3</sup> “Iranian Government Behind Shipping Weapons to Iraq.” *American Forces Press Service*, September 28, 2006.

Administration sidestepped the recommendation, instead arresting Iranian agents discussed above; deploying an additional aircraft carrier group to the Persian Gulf; and adding Patriot anti-missile batteries in the region. However, in a shift that might have been caused by Administration assessments that pressure on Iran was increasing U.S. leverage, the United States attended regional conferences (“Expanded Neighbors Conference”) in Baghdad on March 10, 2007, and in Egypt during May 3-4, 2007. At the latter meeting, Secretary of State Rice and Iranian Foreign Minister Mottaki held no substantive bilateral discussions, according to both sides. Nor did they have separate direct talks, by all accounts, at a November 2, 2007 meeting on Iraq in Istanbul; at that meeting U.S. officials dismissed an Iranian proposal for Muslim peacekeeping troops to replace the U.S.-led coalition in Iraq. As an outgrowth of the regional meetings, the United States and Iran have held bilateral meetings in Baghdad on the Iraq issue, led by U.S. Ambassador to Iraq Ryan Crocker and Iranian Ambassador Kazemi-Qomi. The first was on May 28, 2007. Another round was held on July 24, resulting in an agreement to establish a working group to discuss ways to stabilize Iraq. This working group met for the first time on August 6, 2007. In his September 10 and 11, 2007 testimony to Congress, Ambassador Crocker said the bilateral meetings had made no substantive progress with respect to stopping Iranian support for Shiite militias, but that the talks might yet produce results and should be continued. Additional working group talks, and possible more ambassadorial talks in Baghdad, are expected later in November 2007.

Despite the burgeoning U.S.-Iran diplomacy on Iraq, the Administration has continued to pressure Iran on Iraq issues. On March 24, 2007, the U.N. Security Council unanimously adopted Resolution 1747 on the Iran nuclear issue. The Resolution has a provision banning arms exports by Iran, a provision clearly directed at Iran’s arms supplies to Iraq’s Shiite militias and Lebanese Hezbollah. Another resolution is under negotiation, are multilateral sanctions that might be imposed by like-minded countries.

## **Iranian Influence Over Iraqi Political Leaders**

Iran has exercised substantial political and economic influence on the post-Saddam Iraqi government, although Iran’s initiatives do not necessarily conflict with the U.S. goal of reconstructing Iraq. During exchanges of high-level visits in the summer of 2005, including one led by interim Prime Minister Ibrahim al-Jafari in July, Iraqi officials took responsibility for starting the 1980-1988 Iran-Iraq war, and indirectly blamed Saddam Hussein for using chemical weapons against Iranian forces during that conflict. During a related defense ministerial exchange, the two signed military cooperation agreements, as well as agreements to open diplomatic facilities in Basra and Karbala and to begin transportation and energy links (oil swaps, provision of cooking fuels and 2 million liters per day of kerosene to Iraqis and future oil pipeline connections). In response to U.S. complaints, Iraqi officials have said that any Iran-Iraq military cooperation would be limited to border security, landmine removal, and information sharing. Iran also extended Iraq a \$1 billion credit line as well, some of which is being used to build roads in the Kurdish north and a new airport near Najaf, a key entry point for the 20,000 Iranian pilgrims visiting the Imam Ali Shrine there each month. The two countries have developed a free trade zone around Basra, which buys electricity from Iran, and Iraq is now Iran’s second largest non-oil export market, buying about \$1.3 billion worth of goods from Iran during 2006, according to Iran’s Trade Planning Division (December 2006 fact sheet). Iran opened consulates in Irbil and Sulaymaniyah in November 2007.

Shortly after the Maliki government took office on May 20, 2006, Iran's Foreign Minister Manuchehr Mottaki led a high-profile visit to Iraq, during which Iraq's Foreign Minister, Hoshyar Zebari supported Iran's right to pursue nuclear technology "for peaceful purposes," while also stating that Iraq does not want "any of [its] neighbors to have weapons of mass destruction."<sup>4</sup> Maliki visited Iran during September 13-14, 2006, meeting major Iranian leaders and signing memoranda of understanding to facilitate cross border immigration, exchange intelligence, and expand commerce. During the visit, he said that 3,400 members of the Iranian opposition group People's Mojahedin Organization of Iran (PMOI), who were based in Iraq during Saddam's rule and are now confined by U.S.-led forces to a camp near the Iranian border, would be expelled from Iraq. He reiterated the expulsion threat in February 2007, although U.S. officials say the fighters would not be expelled as long as U.S.-led forces are in Iraq. During Maliki's visit to Iran during August 8-9, 2007, he reportedly sought Iran's intercession with Iraq's Sunni Muslim neighbors to calm Sunnis in Iraq, but Iran has little leverage over these states. He signed an agreement to build pipelines between Basra and Iran's city of Abadan to transport crude and oil products for their swap arrangements; the agreement was finalized on November 8, 2007. He also invited Ahmadinejad to Iraq; Ahmadinejad accepted but there is speculation the United States might try to block the trip.

## Prospects

Some believe Iran's influence will fade over the long term as territorial and Arab-Persian differences reemerge. Iraq's post-Saddam constitution does not establish an Iranian-style theocracy, and rivalry between Iraq's Shiite clerics and those of Iran might increase if Najaf reemerges as a key center of Shiite Islamic scholarship to rival Qom in Iran. Iraqi Shiites generally stayed loyal to the Iraqi regime during the 1980-1988 Iran-Iraq war. Although exchanges of prisoners and remains from the Iran-Iraq war are mostly completed, Iran has not returned the 153 military and civilian aircraft flown to Iran at the start of the 1991 Gulf War, although it has allowed an Iraqi technical team to assess the condition of the aircraft (August 2005). Iraq has stepped up its efforts to obtain the return of the planes; U.S. forces have not transferred combat aircraft to the new Iraqi air force out of concern about potential misuse. Another dispute is Iran's shelling of border towns in northern Iraq that Iran says are the sites where the Party for a Free Life in Kurdistan (PJAK), an Iranian Kurdish separatist group, is staging incursions into Iran. Iran has threatened a ground incursion against PJAK and Iraq. However, territorial issues are mostly resolved as a result of an October 2000 bilateral recommitment to recognize the *thalweg*, or median line of the Shatt al Arab waterway between them, as their waterway border. This was a provision of the 1975 Algiers Accords between the Shah of Iran and the Baathist government of Iraq. (Iraq abrogated that agreement prior to its September 1980 invasion of Iran.) However, the water border remains subject to interpretation.

Conversely, Iranian influence might increase if momentum builds to create new autonomous regions in Iraq, including a large Shiite region envisioned by ISCI. A U.S. Senate amendment adopted in September 2007 (to H.R. 1585, FY2008 defense authorization bill) supports implementation of "federalism" in Iraq, and many Iraqi parties have denounced this amendment as an effort to "partition" Iraq. Any Shiite region in Iraq would no doubt look to Iraq for economic, political, and even military support.

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<sup>4</sup> "Clarification Statement" issued by Iraqi Foreign Minister Hoshyar Zebari. May 29, 2006.